

School Reform News

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THE MONTHLY NEWSPAPER FOR SCHOOL REFORMERS

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Union Hid Political Spending, Suit Charges

Millions of dollars in teachers' dues involved

BY GEORGE A. CLOWES

The 2.7 million members of the National Education Association (NEA) apparently get a terrific bargain for their membership dues: Political clout at no expense.

In promoting itself to current and prospective members, the teacher union not only touts itself as "education's most powerful voice" in the nation's capital, but it also fields an army of 1,800 local political operatives, called UniServe directors, who coordinate lobbying efforts, help screen candidates for public office, and organize local political activities.

But according to official documents filed

with the U.S. Department of Labor, the NEA reported spending nothing on political expenditures since 1994.

Required by Law to "Tell the Truth"

Puzzled by the paradox of cost-free political activity, the Landmark Legal Foundation, a public interest law firm with offices in Herndon, Virginia and Kansas City, Missouri, undertook an analysis of reports the NEA filed with the U.S. Department of Labor since 1994, together with thousands of pages of internal union documents.

After completing its analysis, Landmark filed an unprecedented complaint with the Labor

Department on April 22, charging the NEA with concealing since at least 1994 its use of millions of dollars of tax-exempt teachers' dues and fees for political activities. Landmark's complaint also details the teacher union's failure to document its direct participation during that period in a nationwide coordinated campaign with Democratic Party campaign organizations, the AFL-CIO, and Emily's List.

"The NEA obviously doesn't want America's teachers, parents, and taxpayers to know how it is using tax-exempt membership dues and fees," explained Landmark President Mark R. Levin. "But federal labor reporting laws require the union to tell the truth, the whole truth, and

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Researchers Call for Larger School Voucher Experiments

Expansion of school choice is justified by voucher evidence to date, they say

BY ROBERT HOLLAND

The lead researcher in the nation's largest academic study of the effects of vouchers on student achievement, Harvard University professor Paul E. Peterson, argued before a recent Brookings Institution gathering in Washington, DC that there needs to be more "evidence-based reform" of U.S. K-12 education.

Randomized field trials, which permit valid comparisons between virtually identical groups as is done in medical research, could end such long-running education wars as phonics-versus-"whole language," he said.

Peterson said it was a "good sign this message is finally getting through to the feds." The federal No Child Left Behind Act calls for the use of educational approaches backed by scientifically valid research. (See "Federal Law Will Require Research-Based Programs," *School Reform News*, April 2002.)

VOUCHER continued on page 6

Students Flunk History on Latest Report Card for Nation

BY GEORGE A. CLOWES

"I believe that it will be celebrated by succeeding generations as the great anniversary festival... it ought to be celebrated by pomp and parade, with shows, games, sports, guns, bells, bonfires and illuminations from one end of this continent to the other..."

John Adams, writing about the signing of the Declaration of Independence, July 4, 1776

John Adams would be delighted that his prediction had come true, with the celebration of Independence Day this month as a nationwide holiday.

But Adams would be devastated to learn that fewer than half of America's fourth-graders (46 percent) understand what they're celebrating, according to the latest grades in history announced on the Nation's Report Card for 2001 by the National Center for Education Statistics (NCES). Only one of three fourth-graders (35 percent) understood the significance of the Boston Tea Party.

Although the report card for fourth-graders and eighth-graders showed an improvement in achievement over the last time history was graded, in 1994, the overall level of achievement is so low U.S. Secretary of Education Rod Paige declared it "unacceptable." Eighty-two percent of fourth-graders scored less than proficient on the exam, as did 83 percent of eighth-graders and 89 percent of twelfth-graders. In 1994, the corresponding fig-



Rod Paige (right), U.S. Secretary of Education, visits with students in Los Angeles. Paige declared "unacceptable" the poor performance of public school students on the 2001 NAEP history test.

ures were 83 percent, 86 percent, and 89 percent.

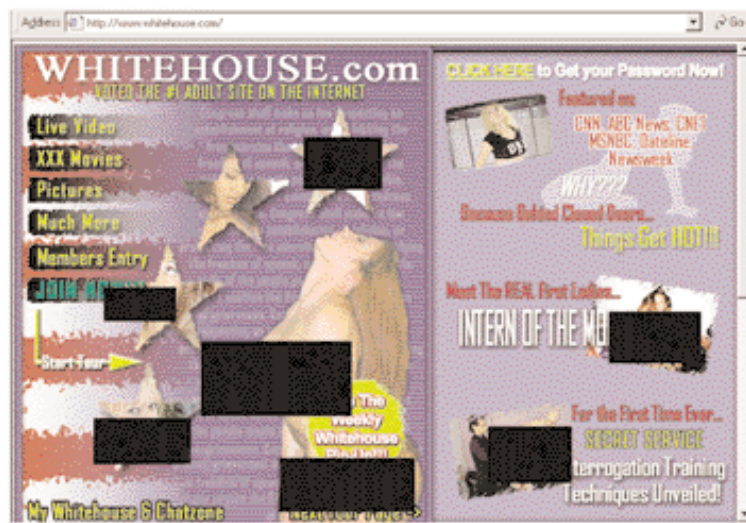
Under the guidelines for the test, the National Assessment of Educational Progress (NAEP), "proficient" means solid academic performance, a knowledge of important historical events, and the ability to analyze historical material. Most students are expected to perform at the proficient level. However, 57 percent of twelfth-graders fail to reach even the "basic" level of achievement, which signi-

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President Pays Tribute to Milton Friedman

BY GEORGE A. CLOWES

When Nobel laureate Milton Friedman was in Washington in May to attend the Cato Institute's 25th anniversary gala, including the inaugural award of the Milton Friedman Prize for Advancing Liberty, he had lunch at the White House with President George W. Bush, who delivered the following tribute to Friedman before their private meeting.

"... It's an honor for me to be here to pay tribute to a hero of freedom, Milton Friedman. He has used a brilliant mind to advance a moral vision: the vision of a society where men and women are free, free to choose, but where government is not as free to override their decisions. That vision has changed America and it is changing the world. ...

"Milton Friedman has shown us that when government attempts to substitute its own judgments for the judgments of free people, the results are usually disastrous. In contrast to the free market's invisible hand, which improves the lives of people, the government's invisible foot tramples on people's hopes and destroys their dreams.



Photo: Tim Sloan / AFP

"He has never claimed that free markets are perfect. Yet he has demonstrated that even an imperfect market produces better results than arrogant experts and grasping bureaucrats. But Milton Friedman does not object to government controls solely because they are ineffective. His deeper objections flow from a moral framework. He has taught us that a free market system's main justification is its moral strength. Human freedom serves the cause of human dignity. Freedom rewards creativity and work, and you cannot reduce freedom in our economy without reducing freedom in our lives. ...

"Milton Friedman has ... shown us how freedom can foster educational reform. For

many years, he has been a tireless advocate of school choice as a way of empowering parents and improving the performance of our schools. Educational reform advances when parents have the information and the authority to push for reform. And there is no greater authority than a good alternative. Poor children in America need better options when they're trapped in schools that will not teach and will not change.

"... There's no doubt that Milton and Rose Friedman have been lucky. But not as lucky as America. We're lucky that their parents chose to immigrate from Europe. We're lucky they gave them the love and encouragement they needed to be bold and to succeed."

Bush, Paige Laud Choice on Milwaukee Visit

BY GREGORY FOSSEDAL

When Rod Paige was named U.S. Education Secretary by President George W. Bush a year and a half ago, the appointment was greeted with skepticism and apathy by many choice advocates. They felt, partly because of his career in what William Bennett used to call the "education blob," that former school administrator Paige would be a drag on Bush on the issue of school choice—which to many advocates is the only education reform worth fighting over.

But, on the basis of what he has done, planned, and gotten Bush to do, Paige hardly qualifies as a voucher wet blanket. In fact, if the administration does have a zealot on school choice, it isn't the President. It's his education secretary. After all, it was Bush who a year ago declined to lobby strongly for school vouchers.

"When it counted," one school choice advocate complains, "Bush left school choice behind."

After meeting with Paige in April, Alexis de Tocqueville Institution President Ken Brown came away encouraged by the education secretary's obvious passion, commitment, and interest on the school choice issue. The meeting coincided with meetings between Paige and others interested in school choice, including corporate restructuring and investment magnate Ted Forstmann Sr.

"He kept asking how I think we can get choice going, why the issue has been losing so often over the years, saying we've got to turn it around," recounted Brown.

Paige could easily choose to stand on his laurels, having passed one of the more significant

education reforms in several decades. Brown, however, said he came away thinking that is not Paige's intention.

"I think he wants to be the education secretary who implements some meaningful reforms," Brown said. "And I think specifically he intends to get something done on school choice over and above the little bit of action they had last year."

This puts a different light on the early May visit by Paige and the President to Milwaukee, where they toured the nation's premier school choice program. The visit has been dismissed by critics—and even some friends—as an empty public relations gesture.

"[I]f the [Bush] administration does have a zealot on school choice, it isn't the President. It's his education secretary."

But, as Woody Allen said, "Ninety percent of any job is just showing up." The President and his education secretary helped school choice efforts around the country by showing up in Milwaukee, just as the previous administration helped school choice opponents around the country by not showing up in Milwaukee.

As House Majority Leader Richard Armey noted with cutting irony in his 2000 State of Education response, former Education Secretary Richard Riley never once made a fact-finding trip to Milwaukee. Indeed, in dozens of

attacks on "vouchers" throughout his tenure, Riley almost never mentioned the one actual voucher program in operation.

The President's and secretary's comments in Milwaukee suggest the visit was about more than public relations.

"Wisconsin understands the power of unleashing parental choice," said Paige. "Now, thanks to No Child Left Behind, parents of children in failing schools all across this nation are empowered to do the same."

This summer, Paige announced, he and the department will promulgate regulations on public school choice and accompanying services. While these efforts are part of the program already enacted in 2001, aides close to Paige say the secretary will use his discretion to make sure those rules do not retard choice, but promote it. The same applies to a program designed to help capitalize charter schools, which have stalled in some states under a morass of red tape.

The secretary will also host a high-profile event on choice this summer at the department. The summit will help states, educators, and regulators answer their how-to-do-it questions. But it will do this in a spirit of celebrating the opportunities choice provides.

Children in failing schools, Paige argues, "have waited long enough." He will be using his bully pulpit and educator's platform to get choice moving, because "we can't get hung up on the process."

Gregory Fossedal is chairman of the Alexis de Tocqueville Institution and founder of Teacher Choice, an association of teachers in 38 states active in speaking out on education issues. His email address is foss@adti.net.



Congress Takes Up Special-Education Reform

Innovative Florida voucher program offers reform model

With last year's No Child Left Behind Act now in the hands of state and local officials for action, Washington lawmakers are turning to this year's major piece of education business, reauthorizing the federal Individuals with Disabilities Education Act (IDEA).

As with regular K-12 education, parental choice will be part of the discussion, and lawmakers already have heard testimony regarding a rapidly expanding voucher program for special-education students in Florida.

Hearings of the House and Senate education committees so far have focused on assessing particular areas of need. Meanwhile, the President's Commission on Excellence in Special Education is moving forward with its own proceedings, and is reportedly on schedule to deliver its official findings by July 1.

President George W. Bush vowed during his campaign to raise high school graduation rates for students in special education, and to take steps to improve their readiness for higher education or the job market.

To this end, a Presidential commission has conducted a series of hearings to examine each major facet of special education. Hearings have been held in Coral Gables (Florida), Denver, Des

"Harvard professor of economics Caroline M. Hoxby advocated ... that an ideal special-education system would be one in which disabled children are able to exercise maximum choice ..."

Moines, Houston, Nashville, New York City, San Diego, and Washington, DC.

"No longer is it simply enough to provide our disabled children access to public schools," said Representative Michael Castle, chairman of the House Education Reform Subcommittee, expressing his reform priorities to his panel. "Now, more than ever, we must do more to see

that disabled children are given access to an education that maximizes their unique abilities and provides them with the tools for later success."

One key witness addressing the question of bringing greater accountability to special education has been Larry Gloeckler, New York State Deputy Commissioner for Vocational and Educational Services for Individuals with Disabilities.

Gloeckler testified before both the House Education Committee and the President's Commission on the progress his program has made in upgrading the quality of reporting for academic gains made by special-education students. He described how the New York Education Department has made it a priority not only to eliminate unnecessary referrals to special education, but also to assure that those students who no longer need special services—or have been placed in special education unnecessarily—are returned to mainstream classrooms in a timely manner.

Achievement Gap

Increased accountability, while certainly a valuable tool for policymakers, educators, and parents, often provokes controversy, as the New York data produced by Gloeckler's office has shown. For example, data showing how New York City students with disabilities lagged significantly behind the rest of the state's disabled population made headlines, and produced increased pressure on city officials to explain the gap.

Other data showed a wide achievement gap among different groups in the Big Apple's disabled population. While 36 percent of white and 37 percent of Asian special-education students passed the state's fourth-grade standardized math exam, only 18 percent of Hispanic and 12 percent of black special-education students passed the same test.

Special Education Vouchers

Both the commission and the House Education Committee also heard testimony about Florida's innovative John M. McKay Scholarship Program for Students with Disabilities, which introduces parental choice to special education. Harvard professor of economics Caroline M. Hoxby advocated to the commission's Coral Gables hearing that an ideal special-education system



Victoria Ontano, 12, left, talks with friend and classmate Christina Martin in their fifth-grade class at Sandpiper Shores Elementary School in Boca Raton, Florida. Photo: Hilda M. Perez / South Florida Sun-Sentinel

would be one "in which disabled children are able to exercise maximum choice and would not ever be segregated in schools involuntarily and schools have incentives to educate disabled children efficiently."

Before the House Education Committee in May, Dr. W. Douglas Tynan of the DuPont Hospital for Children in Wilmington, Delaware pursued this concept further.

"The use of vouchers would also help reduce the current adversarial nature of special education," Tynan testified. Such a system, he suggested, would let parents seek out schools with the greatest success at teaching children with their child's particular disability.

Discipline

The Senate Education Committee began its reauthorization proceedings with a hearing in April on discipline for special-education students. It examined the question of whether federal regulations interfere with the ability of principals and other school officials to discipline special-education students, and in particular those involved with dangerous infractions involving guns or drugs. Under current law, students enrolled in special education may not be expelled or suspended for any prolonged period unless school

For more information...

WWW Don Soifer's report for the Lexington Institute, "Special Education Reform 2002: Where to Begin," is available at the institute's Web site at <http://www.lexingtoninstitute.org>.

Lewis M. Andrews conducted a study recently for the Yankee Institute on the use of vouchers for disabled children in other countries. A June 2002 *School Reform News* report on the study is available at <http://www.heartland.org/education/jun02/universal.htm>. The study itself, "More Choice for Disabled Kids: Lessons from Abroad," is available at the Yankee Institute Web site at www.yankeeinstitute.org.

officials can first prove the violation is not a manifestation of the child's disability.

Don Soifer is executive vice president of the Lexington Institute, a public policy think tank in Arlington, Virginia. His email address is soifer@lexingtoninstitute.org.

CORRECTIONS

In the May issue of *School Reform News*, Libby Sternberg was mis-quoted as saying 12 percent of Vermont-NEA members have their children in private schools. In fact, 12 percent of National Education Association members nationwide have their children in private schools.

In a June *SRN* article, "School Vouchers Debated in New York," the word "religious" was omitted from the last sentence of Professor Philip Y. Nicholson's remarks. The sentence should have read: "Government-subsidized religious education can promote ethnic and religious intolerance."

School Reform News regrets these errors.

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VOUCHER continued from page 1

A voucher critic at the Brookings forum, Princeton University professor Alan Krueger, agreed with Peterson.

"The Department of Education ought to be more like the FDA (Food and Drug Administration)," he said.

NYC Vouchers Benefit Black Students

The question of the day was what to make of results of the voucher study presented by Peterson and his colleagues in a new book, *The Education Gap: Vouchers and Urban Schools* (Brookings Press, 2002).

"[Voucher study results] justify the launching of even more extensive, and better-funded, voucher experiments in major cities with large concentrations of African-Americans."

A three-year evaluation showed the test scores of inner-city black students in New York City who received privately funded vouchers to attend private schools were substantially higher than those of comparable students who remained in the public schools. (See "Vouchers Hike Black Student Test Scores," *School Reform News*, June 2002.)

The 9 percentile point gain for voucher students

amounted to a 0.45 standard deviation, or almost one-half the difference (one full standard deviation) between test scores of blacks and whites nationwide. Thus, the Peterson study raises the possibility that vouchers could completely eliminate the white-black achievement gap if continued over a six-year period.

Peterson and his coauthor, University of Wisconsin-Madison professor William G. Howell, argued these and other results achieved in a randomized field trial—considered the "gold standard" of social research—justify the launching of even more extensive, and better-funded, voucher experiments in major cities with large concentrations of African-Americans.

Krueger did not object to the suggestion of further research but argued the mixed evidence presented so far makes him highly skeptical of the potential for vouchers to "save the children."

One anomalous finding in the Peterson research is that test scores of voucher students from other ethnic backgrounds, mainly Hispanic, did not differ significantly from their public-school peers.

DC Charters May Affect Vouchers

Meanwhile, in Washington, DC, test scores of voucher-receiving African-American students were 9 percentile points higher than the comparison group of public-school students after two years, but after a third year, there were no significant differences.

Peterson said the Washington results might be due to the influence of public charter schools in the District of Columbia. While the impact of charter schools in New York City is minimal, approximately 16 percent of D.C. students attended char-

ter schools in 2000-01, the highest per-capita charter enrollment in the nation.

In the District, more than one-fifth of the students in the voucher control group wound up in charter schools after one year, thereby possibly confounding the effort to determine the impact of vouchers. Also, only 37 percent of those offered a voucher in Washington, DC made use of it for three years, while in New York City 70 percent did.

"[Researcher Paul] Peterson enthusiastically agreed the Milwaukee model would be 'much better' for a broadened research study..."

Evidently, the competitive jolt vouchers can give a school system is already coming from charter schools in the nation's capital—but that conclusion is "speculation," Peterson emphasized.

Milwaukee Voucher Model "Much Better"

Kaleem Caire, former president and CEO of the Black Alliance for Educational Options and now an official of the American Education Reform Council, argued private scholarships such as those in New York and Washington are not the equivalent of public vouchers covering a much broader variety of educational costs. He said he was much more interested in testing a broader impact of publicly funded vouchers like those pioneered in Milwaukee for more than a decade.

"If we have three, four, five, or more Milwaukee-type programs, what effect might they have?" he asked.

Peterson enthusiastically agreed the Milwaukee model would be "much better" for a broadened research study, and added he would lift the 15 percent limit currently imposed on the number of voucher participants. His own vision entails creation of fully integrated voucher models, wherein there would be "alternatives for people of the full income range." It's important, he stressed, not to use vouchers simply to perpetuate segregation "along income lines."

At another point in the discussion, Peterson suggested that by "splitting where you go to school from where you live," vouchers could be a powerful tool for a more integrated society.

Another panelist, New York University professor Joseph Viteritti, argued the positive results for black students in inner-city New York—coupled with limited funding—made a stronger case for need-based, targeted vouchers than for instituting universal vouchers.

The data in both New York and Washington consistently showed private-school parents were far more satisfied with their children's schools than were public-school parents. Safety evidently played a part in that: Almost two-thirds of public-school parents said fighting was a major problem in their schools, as compared to 32 percent of private-school parents.

Robert Holland is a senior fellow at the Lexington Institute, a public policy think tank in Arlington, Virginia. His email address is rholl1176@yahoo.com.

OOPS! We Can't Find the Government!

Princess Navina has spent her young life studying the governments of other lands, but in Voluntaria she draws a blank. Reacting against their history of past violence, the people of Voluntaria have sworn off using force to manage society. As a result, they have none of the political fixtures of the modern world: no taxation, no regulation, no laws ... and no lawyers!

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Political scientist Jim Payne, creator of the Princess Navina series, has written 14 books on topics ranging from the Peruvian labor movement to the U.S. Congress. "After 41 years of research," he says, "I think I've figured out what's wrong with government and what we can do about it. I've put the answer in fictional form to engage youthful minds without distressing elderly ones."

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PA Tax Credit Off to Fast Start

BY GEORGE A. CLOWES

In just 10 months and with little publicity, more than 1,170 companies have taken advantage of Pennsylvania's Educational Improvement Tax Credit (EITC).

Advocated and signed into law by former Governor Tom Ridge, the EITC provides companies with a 75 percent tax credit for donations to

scholarship or educational improvement organizations. The credit rises to 90 percent if a company makes a two-year commitment.

Since August 2001, companies have pledged over \$35 million to Scholarship Organizations, which help fund tuition to nonpublic schools, and over \$20 million to Educational Improvement Organizations, which fund inno-

vative programs in public schools. Almost all of the pledges cover a two-year period.

"It's encouraging that so many businesses have decided to help families have access to the schools of their choice and fund innovative programs in public schools," commented Dennis Giorno, executive director of the Harrisburg-based REACH Alliance (Road to Educational Achievement Through Choice). "We're confident that when all is said and done, the EITC will be one of the most effective and popular programs the General Assembly has enacted."

The REACH Alliance, which was actively involved in the drafting and passage of the EITC, expects at least 8,000 to 10,000 families from every region of the state to benefit from the education tax credit in 2002. David Bowman, a member of the Keystone Christian Education Association Scholarship Committee, recently presented \$100,000 in scholarship awards to 215 students in more than 34 counties.

"It's been heartening to see many parents and businesses concerned about the education of the children," he said, "but there is more work to do."

Although state tax revenues are reduced when businesses take the tax credit, each family that uses a scholarship to transfer a child from a public school to a private school reduces enrollment at public schools, which in turn would be expected to save taxpayers money. But Fred Cabell, education director of the Pennsylvania Catholic

For more information...



Further information on Pennsylvania's Educational Improvement Tax Credit is available from the REACH Alliance's Web site at www.paschoolchoice.org.

Founded in 1991, the REACH Alliance is Pennsylvania's grassroots coalition to support school choice. The Alliance represents Pennsylvanians from the business, labor, religious, and civic sectors, from taxpayer groups, and from nonprofit organizations.

Conference, points out the scholarships also help struggling families keep their children in private schools, thus preventing an enrollment increase at public schools.

"What we miss every year is how many switch the other way," noted Cabell. "Every kid who switches into public schools costs taxpayers at least \$7,000."

Businesses have until June 30, or until the annual thresholds are reached, to apply for tax credits. The thresholds are set at \$20 million for the Scholarship Organizations and \$10 million for the Educational Improvement Organizations.

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Catholic Schools Excel

Countering the negative effect of poverty on learning

BY PAUL E. PETERSON
AND HERBERT J. WALBERG

Despite spending less than half what the public schools spend on educating children in poverty, Catholic schools in three New York boroughs outperform the public schools in both reading and mathematics at every grade level, according to a recent study we conducted of per-student cost and achievement of Catholic and public elementary schools in Brooklyn, Manhattan, and the Bronx.

The direct per-pupil costs for general education students are \$5,124 in the public schools and \$2,399 in Catholic schools—46.8 percent of the public school cost.

Although both Catholic and public schools achieve less as the percentage of their enrollment represented by children in poverty increases, Catholic schools substantially mitigate the effect of poverty, so that rising levels of poverty produce far smaller negative effects on learning in Catholic than public schools.

NY Litigants Want More Money

These findings are significant because of litigation advanced by advocates for greater state spending on New York City public schools. Although evidence admissible in court showed the City's public school per-student expenditures are higher than any other big city in the nation, plaintiffs maintain more money is required to attract more teachers and to keep veteran teachers on the job. Plaintiffs also maintain that citizens in other parts of the state, including areas of urban and rural poverty, should pay a greater share of the City's public school costs of educating children in poverty.

With nearly 1.1 million students, the New York City public school system is the largest school district in the U.S., spending more than \$9 billion annually. The New York City public schools receive large amounts of funding from the federal government for special categorical programs: \$377 million from the federal government alone for children below the poverty line.

The federal and New York state governments also contribute extra amounts for children diagnosed as "learning disabled" or "limited-English proficient" in New York City and other big cities in the state with concentrated poverty. Such categorical programs have a long history of failure to help the very children for whom they are intended. Evaluations often show children in such programs achieve less than comparable children who do not receive such services.

How Do Catholic Schools Do it?

The effectiveness and efficiency of the Catholic schools doesn't seem attributable to Catholicism, according to Paul E. Peterson and Herbert J. Walberg, authors of a recent study showing Catholic schools in New York City outperform the public schools.

Although many Catholic school teachers are Catholic, few are members of religious orders, and about half of their students are not Catholic.

"Our school visits showed that Catholic schools must compete for their customers," say Peterson and Walberg, who are distinguished visiting fellows at Stanford University's Hoover Institution. "Poor families in particular must struggle to pay their tuition."

Their visits to several dozen classrooms and interviews with eight principals showed

what parents get in return for the tuition:

- courtesy, fairness, and respect;
- a clear mission for learning;
- an academic curriculum taught well to whole classes;
- a notebook of assignments and notes for each subject;
- homework for completion and grading each day;
- a close connection between parents and teachers; and
- leadership, with the principal accountable to parents who can leave if dissatisfied.

In public schools, practice is mandated from on high—the central office, the 32 community boards, and the U.S. Department of Education, which fund and regulate special programs:

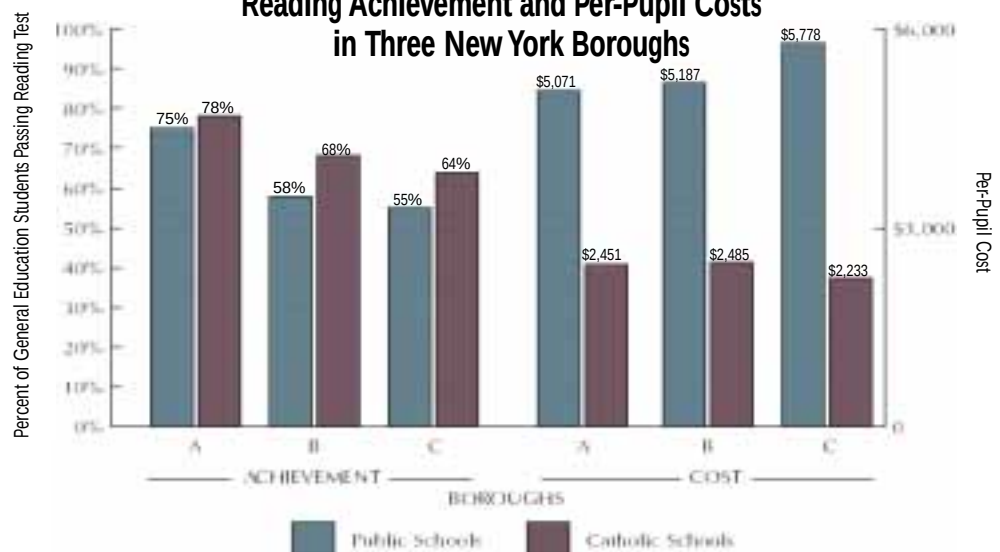
- rapidly changing administrators;
- what new reform will they mandate this week?

- changing school grade levels and attendance boundaries without consulting staff or parents;
- in classrooms, many children are inattentive and without books or assignments; and
- many students resting, chatting, or walking around the classroom.

"The keys to Catholic school success are competition and direct accountability to their customers—parents and students," conclude Peterson and Walberg, suggesting similar performance should be expected of parochial schools of other religious denominations and of independent schools, including the growing number of for-profits schools.

"All must appeal to their patrons," they point out.

Figure 1
Reading Achievement and Per-Pupil Costs
in Three New York Boroughs



Study after study shows poverty and poverty-related factors—such as prenatal morbidity, alcoholism, drug addiction, crime, and teen preg-

nant elementary schools in three New York City boroughs: Brooklyn, Manhattan, and the Bronx.

To make their costs comparable, we subtracted from each public school's expenditures the costs of government-funded special programs including compensatory programs for children in poverty, bilingual education for non-English speakers, and special programs for various categories of disability, such as mental retardation and learning disabilities. Such services are much less often provided by Catholic schools.

We also subtracted the costs of transportation and food services from public school expenditures, which Catholic schools less often provide. Finally, we subtracted from the public school expenditures the costs of the central office and 32 community school boards, which support large bureaucracies that oversee and regulate the public schools.

We could then compare general education students in the borough schools with students in the Catholic schools in the same boroughs on state-required third- and sixth-grade reading and mathematics achievement tests, as well as the direct per-student costs of educating the two sets of students.

"Despite spending less than half what the public schools spend on educating children in poverty, Catholic schools in three New York boroughs outperform the public schools in both reading and mathematics at every grade level ..."

nancy—do retard learning. Plaintiffs argue New York City cannot overcome such effects without even more money.

Comparing Public, Catholic School Spending

To probe this contention, we studied the per-student cost and achievement of Catholic and pub-

For more information...

WWW For more information on the productivity of Catholic schools, search **PolicyBot**, The Heartland Institute's free online research database. Go to **www.heartland.org**, click on **PolicyBot**, and specify topic/subtopic Education/Private Schools.

Figure 1 shows the comparative reading achievement of general education students in Catholic and public schools. Catholic schools not only produce higher reading achievement, they do so at a dramatically lower per-student cost than the public schools.

Paul Peterson is Henry Lee Shattuck Professor of Government at Harvard University Kennedy School of Government. Herbert Walberg is Research Professor of Education and Psychology at the University of Illinois at Chicago. They are distinguished visiting fellows at the Stanford University Hoover Institution and members of Hoover's Koret K-12 Task Force.

The Friedman Report

GETTING SCHOOL BOARD MEMBERS ON BOARD

BY LAURA J. SWARTLEY

Teaching college students in Michigan convinced Lori Yaklin that America's K-12 school system was in a deep state of disrepair. "Even my students from supposedly 'good suburban schools' were seriously lacking in fundamental skills," she said.

Their lack of knowledge in history, ethics, economics, and citizenship alarmed her the most. "It literally made me fear for the future of our country."

After "finagling herself" into a meeting of education reformers in Michigan, Yaklin became convinced she must do something to improve education in America. She joined forces with a small group of public school board members to start the Michigan School Board Leaders Association.

The Association uses a two-tier approach to promoting education reform measures: First, they recruit, train, and mobilize reform-minded school board members so they are able to initiate reforms at the local level. Membership includes board members from traditional public, charter, and private schools. Then, they "utilize the voice of these courageous reformers to shift public opinion," according to Yaklin.

"Through press releases, legislative testimony, media interviews, debates, and speaking appearances we are able to promote child-centered reforms from the perspective of insiders," she explained.

Yaklin believes school board members are perhaps in the best position of all school system insiders to

voice the need for school choice reform. She points out most members of the public school establishment have, or at least perceive they have, a great deal at stake in the battle over the rights of parents to choose the best and safest schools for their children. To them, the battle is a turf war.

"But school board members do not generally receive salaries, nor must they worry about tenure or dues," argued Yaklin. "If they are taking their civic duty seriously, they understand they are not serving schools; they are elected to ensure schools are serving parents and children."

She points out many school board members are business leaders who understand the importance of competition in fostering excellence and efficiency. "The school establishment is clearly a monopoly, and we all know monopolies turn out poor products at high prices."

This is why she doesn't buy the mantra: "We need more money," and has convinced school board members to combat this fallacy of school reform.

"I am encouraged to see leaders and citizens who are not willing to take excuses for our dismal test scores, especially among the nation's poor. It has been thrilling to hear President Bush and Secretary of Education Paige speak the truth and promote school choice."

"I am confident we will see, as we have seen in every other area of our great country, free people in free markets creating excellence."



Michigan School Board Leaders Association Chairman Tom Bowles and Executive Director Lori Yaklin

School Choice Roundup

COLORADO

Session Ends with Choice Gains, but No Tax Credits

When the Colorado Legislature ended its 2002 session at midnight on May 8, it had approved charter school and online education measures that were positive for parental choice. But lawmakers failed to approve either of two new laws to establish tax credits for K-12 education.

Tax Credits: Senate Bill 163, introduced by Sen. Bruce Cairns (R-Aurora), would allow a taxpayer to take credit against school district property taxes for donations to organizations that award scholarships for children to attend independent or parochial schools, with benefits for renters also. The complex bill was postponed indefinitely in the Senate Education Committee.

"Just because the bill was killed, doesn't mean the idea is dead," said Cairns.

House Bill 1309, proposed by Rep. Nancy Spence (R-Centennial) and Sen. Rob Hernandez (D-Denver), would allow an income tax credit to taxpayers for donations to organizations that award educational scholarships to low-income children. At least 40 percent of the money raised would have to be spent on improving educational opportunities for students who attend public schools. The plan received endorsements from five of the state's major newspapers, the *Denver Post*, *Rocky Mountain News*, *Colorado Springs Gazette*, *Pueblo Chieftain*, and *Fort Collins Coloradoan*. This bill passed through the House but died in the Senate Education Committee. Although the measure was amended into other bills, none passed in the Senate.

Charter Schools: Charter schools received \$7.8 million in per-pupil facilities funding, up from \$6.4 million in the 2001-02 school year, but less than the \$9 million Republicans had pushed for.

Online Education: In 1998, the Colorado legislature passed a law allowing public school districts to create online education programs where students could complete their schoolwork via the Internet. However, the law specifically excludes participation by students who, in the prior year, are homeschooled or in a nonpublic school. This year there was a failed attempt to remove that exclusion. However, a measure was included and passed in the School Finance Act to provide funding for up to 135 children from nonpublic schools to participate in the program.

SRN Sources

DISTRICT OF COLUMBIA

Choice is Widespread — If You're a Union Official

Looking for a school for their identical triplet boys, and unimpressed with the public schools, Kim Jones and her husband chose Lowell School in Washington, DC, a private school where next year's tuition approaches \$16,000 per student. The couple will manage to pay the tuition bill with the help of scholarship money and "cutting corners," according to *Washington Post* reporters Valerie Strauss and Jay Mathews. Kim's husband works at the National Education Association, which opposes school vouchers.

Washington Post
April 11, 2002

THE FRIEDMAN REPORT *School Choice Roundup*

FLORIDA

Tax Credit Program to Benefit More Children

When Florida's education tax credit bill was approved last year, one of the restrictions on awarding the tax-credit-funded scholarships to low-income children was that the recipient child had to have spent the prior year in a public school. Under an amendment to the tax bill signed by Governor Jeb Bush in early May, that restriction was lifted for kindergartners and first-graders.

Choice Gains in School Code Revision

Also in early May, the Florida legislature approved a major revision to the state's education law, streamlining separate sections of the code on elementary, secondary, and post-secondary education into a combined K-20 educational system—and translating the legalese into something the average citizen is more likely to understand.

The revised code, which Bush signed into law on May 16, contains a number of positive changes for school choice and district accountability. Significantly, a separate Division of Independent Education was created to serve families who are pursuing their child's education outside the public school system.

McKay Scholarships: Several changes were made to ease the operation of the McKay program, which after only two years provides vouchers to some 5,000 special-education students. For example, enrollment procedures were simplified, and parents may now enroll their children at an independent school in any quarter of the year.

Charter Schools: Charter school law initially provided that an applicant could appeal to the State Board of Education if a local school board denied a charter application. However, a positive recommendation from the State Board was not binding on the local school board, and so the recommendation could be ignored. The revised code removes that discretion and requires local boards to approve charter applications approved by the State Board.

Parental and Student Rights: All aspects of parental rights are now in one place in the school code, so that a parent quickly can review what rights apply to different aspects of schooling, such as sex education, for example. The code also requires that information regarding student religious rights be sent to all teachers, principals, and school board members.

Other Changes: While school board members in many states receive no pay, Florida's school board members—whose workload generally consists of just 12 meetings a year—often receive more pay than starting teachers. Under the new code, school board members must vote to set their own pay at a public meeting. The new code also permits school boards to hire school principals without teaching and school administration credentials but with qualifications and/or experience that meet district policies. The amendment was introduced by Rep. Jerry Melvin (R-Fort Walton Beach).

"I can't tell you how much it's changing," commented Patrick Heffernan, president of FloridaChild, a nonprofit organization that provides education information, assistance, and financial aid to Florida families. "We're moving into a different level."

SRN Sources

ILLINOIS

Teacher Union Wants to Run Failing Schools

Unhappy with Chicago Public Schools CEO Arne Duncan for his recent unexpected announcement that three failing city schools

would be closed at the end of the current school year, Chicago Teacher Union President Deborah Lynch proposed an alternative: Let her union show what teachers can do by taking over some poorly performing schools and implementing the Success for All curriculum.

The Success for All program—which can cost up to \$1 million in additional expenses per school—has worked in two Chicago schools, but has failed in three others. It is highly scripted and involves, among other things, reading 90 minutes a day, one-on-one tutoring, smaller class sizes, and a 40-minutes-longer school day.

Duncan agreed to try the experiment in two schools this fall, offering Lynch and her union two options:

- free up funds for the program within the current administrative structure; or
- take full responsibility—including financial—for running the schools, either as charter schools or contract schools.

Lynch's next task: Finding two schools with teachers, principals, and Local School Councils willing to take up her proposal.

Chicago Tribune
May 8, 2002

NEW JERSEY

Smear Campaign Blunts Booker Challenge in Newark

Newark Councilman Cory Booker's fierce challenge to four-term incumbent mayor Sharpe James produced a lead in the polls despite James' backing by almost every prominent Democrat in the state. But by May 14, a smear campaign plus support from out-of-state Democrats Al Sharpton, Jesse Jackson, and Congressman Jesse Jackson Jr. turned that lead into a 47:53 margin of defeat for the young Yale-educated lawyer who moved to Newark six years ago to run for public office.

Booker raised \$2.8 million for his campaign against \$2.3 million by James, but the councilman's past support of school vouchers put the Newark Teachers' Union solidly behind James.

According to a *New York Times* report, James stopped at the headquarters of the teacher union on election day to thank a roomful of helpers who were calling voters on his behalf. He accused Booker, a lifelong moderate Democrat, of being a Republican in Democrat clothing, a view also promoted by union president Joseph DeGrosso.

An article on James' campaign Web site said Booker was "comfortable in the company of people whose political ancestors hosed down and blew up black children in Birmingham." James also accused Booker of taking money from the Ku Klux Klan.

Booker vowed to continue fighting for the city, one of the poorest in the nation, and for two Council candidates in upcoming runoff elections.

New York Times
May 15, 2002
OpinionJournal.com
May 16, 2002

NEW YORK

Education Tax Credit Bill in Committee

A K-12 education tax credit measure introduced in the New York Senate earlier this year is now in the Committee on Investigations, Taxation and Government Operations, chaired by Sen. Nicholas Spano (R-Westchester).

The bill's sponsor, Sen. Serphin Maltese (R-Queens), has requested that the bill, the Educational Tax Incentives Act (S. 6274), be reported out of committee in order to give the full Senate an opportunity to vote on the bill before the end of the current session.

A parallel bill sponsored by Assemblyman Dov Hikind (D-Kings) was introduced into the Assembly (A. 9801). The bills seek to encourage New York taxpayers to support education by providing a tax credit against their state income tax for donations to scholarship-awarding organizations.

SRN Sources

VERMONT

School Choice Bill Progresses in Senate

After being narrowly approved in the Vermont House on April 17, the school choice bill H. 716 was assigned to the Senate Education Committee, whose chairman, Jean Ankeney (D-Chittenden), said she did not plan to take up the bill before the end of the session. But in a surprise move, and over Ankeney's objections, Republicans on the Committee led by Sen. William Corrow (R-Orange) forced a 3-1 vote to send the bill back to the full Senate.

In early May, Senate President Pro-Tem Peter Shumlin referred the bill to the Senate Appropriations Committee, where it is not expected to be considered further. However, the bill had not been expected to emerge from the Education Committee, either.

Although Shumlin had earlier expressed support for the kind of school choice embodied in H. 716, when the measure arrived in the Senate he called it "flawed" and said it "will destroy small schools."

H. 716 would phase in a school choice program to allow parents the option of choosing a public school for their children, with approximately \$4,500 in state block grant funding following the student to the chosen school. Under current law, passed two years ago, choice is restricted to a limited number of students in grades 9-12.

Vermont Education Report
April 23-26, 2002

WISCONSIN

Parents Urge Legislators to Restore Voucher Cuts

A group of about 70 parents and children travelled from Milwaukee to Madison on May 8 to speak to Wisconsin legislators about restoring cuts in the Milwaukee Parental Choice Program that were approved by the Democrat-controlled State Senate. Parents reported getting conflicting signals from Milwaukee-area legislators who had voted for a state budget with the cuts, but who then assured them they supported the choice program.

The Republican-controlled Assembly approved a budget without cuts to the choice program. Negotiations are continuing to reconcile the two conflicting measures.

SRN Sources

About the Milton and Rose D. Friedman Foundation

The Milton and Rose D. Friedman Foundation is a nonprofit, 501(c)(3) organization established in 1996 by Milton and Rose Friedman. The origins of the foundation lie in the Friedmans' long-standing concern about the serious deficiencies in America's elementary and secondary public schools. The best way to improve the quality of education, they believe, is to enable all parents to have a truly free choice of the schools that their children attend. The Friedman Foundation works to build upon this vision, clarify its meaning to the general public, and amplify the national call for true education reform through school choice. Contact us at www.friedmanfoundation.org for more information.

The Milton & Rose D. Friedman Foundation
One American Square #1760
Indianapolis, IN 46282

HISTORY continued from page 1

fies merely a partial grasp of needed skills and knowledge. Thirty-three percent of fourth-graders score below basic, as do 36 percent of eighth-graders.

"Basic is the bottom rung of the achievement ladder, and they didn't even reach that lower rung," commented Paige. Also, he emphasized, the questions that "stumped so many students involve the most fundamental concepts of our democracy, our growth as a nation and our role in the world."

For example, only 46 percent of fourth-graders could identify the Declaration of Independence as the source of the passage, "We hold these truths to be self-evident: That all men are created equal; that they are endowed by the Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness." Only 35 percent of eighth-graders knew that "Jim Crow" laws once enforced racial segregation.

For more information...

WWW The results from the 2001 History exam and other exams given by the National Assessment of Educational Progress are available from the Web site of the National Center for Education Statistics at <http://nces.ed.gov/nationsreportcard>.

Recent history was even less familiar to twelfth-graders. Only 30 percent could correctly identify the two Cold War military organizations, NATO (North Atlantic Treaty Organization) and the Warsaw Pact. Only 29 percent knew that the 1964 Gulf of Tonkin Resolution gave President Lyndon Johnson the authority to expand the scope of the Vietnam War.

"Since the seniors are very close to voting age or already have reached it, one can only feel alarm that they know so little about their nation's history and express so little capacity to reflect on its meaning," commented historian Diane Ravitch at the May 9 news conference when the results were released. Ravitch, a New York University education professor and member of the exam's govern-

ing board, called the seniors' scores "truly abysmal" and a cause for additional alarm with the U.S. "at war and under terrorist threat."

"Our ability to defend—intelligently and thoughtfully—what we as a nation hold dear depends upon our knowledge and understanding of what we hold dear," she said. "That can only be achieved through learning the history we share, and clearly, far too many high school seniors have not learned even a modest part of it."

Better Results from Private Schools

At all three grade levels, students in private schools scored above the national average, "a pattern that is visible in achievement level data as well," said NCES commissioner Gary Phillips.

Compared to national scores of 209, 262, and 287 for fourth-, eighth- and twelfth-graders respectively, private school students in corresponding grades scored 226, 279 and 298. While a level of proficient or above was achieved nationally by only 18 percent, 17 percent, and 11 percent of fourth-, eighth- and twelfth-graders respectively, private school students in corresponding grades scored 226, 279 and 298. While a level of proficient or above was achieved nationally by only 18 percent, 17 percent, and 11 percent of fourth-, eighth- and twelfth-graders respectively, private school students in corresponding grades scored 226, 279 and 298.

According to Joe McTighe, executive director of the Council for American Private Education, the above-average private school scores in history and civics "show private schools are second to none in instilling democratic principles and preparing good citizens."

One unsurprising result across all grades was that the more students were absent from school, the lower their score on the test. But surprisingly, the more students used computers in the classroom, the lower their scores also, again across all grades. Students who used a computer every day in class for history or social studies had roughly the same diminished score as students who were absent from school more than 10 days a month.

On the other hand, the more students used computers as an aid to doing specific research or in writing papers, the higher their test scores.

"The lesson here seems to be that computers should be used as an enhanced library tool, but that their use in classroom instruction for history is counterproductive," said Mike Antonucci of the Education Intelligence Agency.

"See, I'm an American!"

In an interview for Ken Burns' PBS film on Thomas Jefferson, columnist George Will commented on the importance of citizens knowing the opening words of the Declaration of Independence.

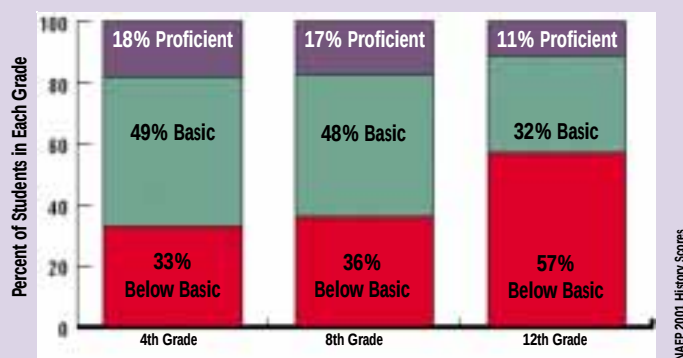
"[W]e have a civil religion in this country. And [Thomas Jefferson] provided a catechism. ... Want to be an American? Here's what you will believe. No one knows how you become French. No one knows where Germany comes from—it sort of emerges from the mists. We know when we started. We know the afternoon: July 4, 1776. And we know how to become an American: You come here and you assent. Then you're an American, just as American as anybody whose family has been here for 10 generations. You're in. You're it! That's what an American is."

For more information...

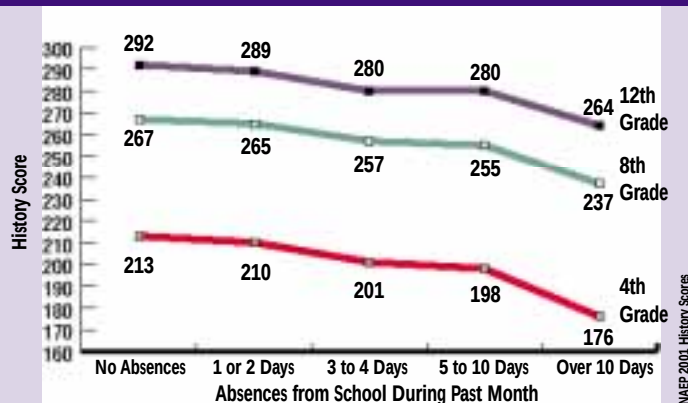
WWW The interview with George Will is available on the Internet at www.pbs.org/jefferson/archives/interviews/Will.htm.

"What Jefferson did was, he said, 'Here's your catechism. We hold these truths to be self-evident: All men are created equal, endowed by their Creator with certain unalienable rights—life, liberty, and the pursuit of happiness; that all just governments derive their justice and their legitimacy from the consent of the governed.' You go down the list and at the end of the day say, 'I tick them off, put them on the refrigerator door, and ... see, I'm an American.'"

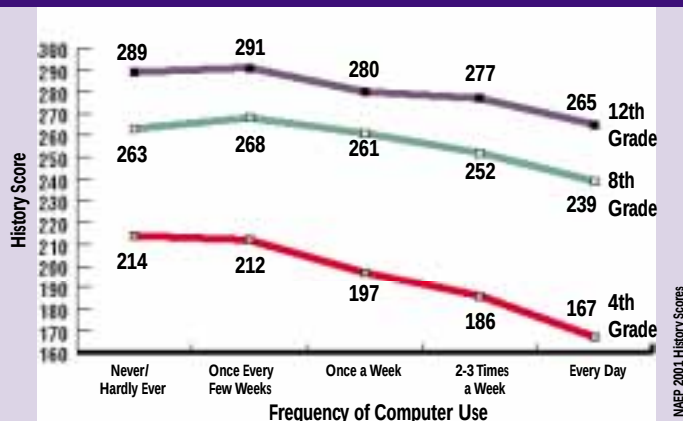
9 Out of 10 12th-Graders Not Proficient in History



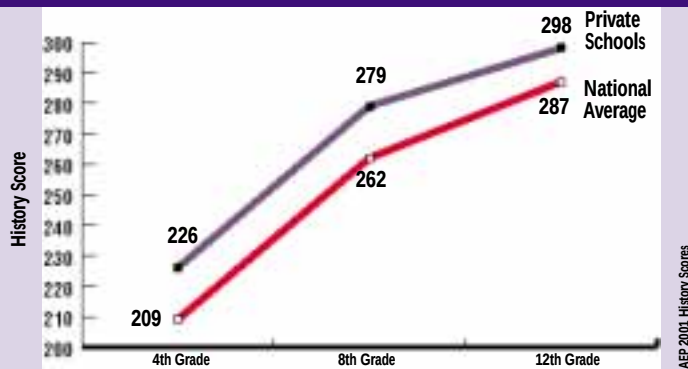
If You Don't Go to School, You Don't Learn as Much



The More Computers are Used in Class, the Less Students Learn



Private Schools Score Above National Average



I WANT YOU TO TAKE A HISTORY TEST



For more information...

WWW More information on test questions and test results is available from the U.S. Department of Education at the Web site of the National Center for Education Statistics, at <http://nces.ed.gov/nationsreportcard>.

These are sample questions from the 2001 National Assessment of Educational Progress (answers on page 16):

FOURTH GRADE

4.1 The poster shown at right is trying to attract recruits by appealing to their:

- (a) Homesickness
- (b) Religious beliefs
- (c) Patriotism
- (d) Need for money

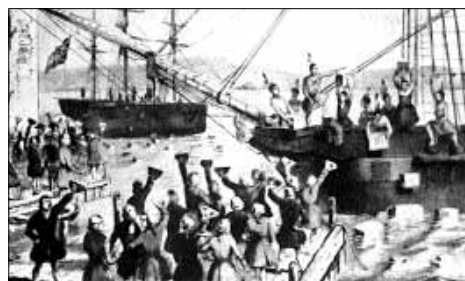
45 percent answered correctly



4.2 What are the people in the picture below protesting against?

- (a) French fur trade with American Indians
- (b) Colonial treatment of American Indians
- (c) British control of colonial shipping companies
- (d) British taxation of the colonists

21 percent answered correctly



4.3 "We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness." The passage comes from the:

- (a) Constitution
- (b) Mayflower Compact
- (c) Declaration of Independence
- (d) Articles of Confederation

46 percent answered correctly

4.4 Which of these was one of the 13 colonies that fought the American Revolution?

- (a) Illinois
- (b) California
- (c) New York
- (d) Texas

32 percent answered correctly

4.5 What was the purpose of the Underground Railroad?

- (a) To improve transportation in the South
- (b) To move food to the North
- (c) To help slaves escape to the North
- (d) To get workers to the silver mines in Colorado

51 percent answered correctly

4.6 What was a major cause of the Civil War?

- (a) People in the North and in the South had different religions
- (b) People in the North and in the South disagreed over slavery
- (c) People in the North wanted control of the country when they found out that gold had been discovered in the South
- (d) People in the South wanted control of the country when they found out that oil had been discovered in the North

57 percent answered correctly

EIGHTH GRADE

8.1 Why was Roger Williams forced to leave the Massachusetts Bay Colony?

- (a) He claimed that the Puritan government had no right to control religious beliefs
- (b) He was more loyal to the King of Spain than to the English monarchy
- (c) He refused to do his share of the farming and other work
- (d) He wanted to lead a war against the American Indians

52 percent answered correctly

8.2 During the Revolutionary War, one outcome of the colonial victory at the Battle of Saratoga that helped ensure the final defeat of the British was the

- (a) entrance of France on the American side
- (b) recapture of New York City from the British

- (c) mutiny of the British forces under Gen. Howe
 - (d) defeat of British forces at Valley Forge, Pennsylvania
- 41 percent answered correctly

8.3 The phrase "Jim Crow" refers to laws that:

- (a) Made liquor illegal
- (b) Enforced racial segregation
- (c) Restricted immigration to the United States
- (d) Protected the environment

35 percent answered correctly

8.4 Why was the invention of the steel plow important in United States history?

30 percent gave "appropriate" responses

TWELFTH GRADE

12.1 What was an important difference between the English colonies in the Americas and those controlled by France, Portugal, and Spain?

- (a) English colonies had more slaves
- (b) English colonists were allowed to form a type of self-government, and other colonists were not
- (c) Fewer people settled in the English colonies
- (d) Fewer people seeking religious freedom settled in the English colonies

64 percent answered correctly

12.2 The Monroe Doctrine was intended to

- (a) promote U.S. trade with China
- (b) help keep the peace in Europe
- (c) discourage European involvement in the Americas
- (d) protect United States business in Japan and Korea

41 percent answered correctly

12.3 What was one consequence of Nat Turner's rebellion?

- (a) Large numbers of slaves fled to the North
- (b) Slave revolts broke out throughout the South
- (c) Conditions for slaves on many southern plantations improved
- (d) Southern states passed laws designed to tightly control slaves

34 percent answered correctly

12.4 The Gulf of Tonkin Resolution (1964) was significant because it

- (a) ended the war in Korea
- (b) gave President Johnson the authority to expand the scope of the Vietnam War
- (c) was an attempt to take foreign-policy power away from the president
- (d) allowed China to become a member of the United Nations

29 percent answered correctly

12.5 The North Atlantic Treaty Organization (NATO) and the Warsaw Pact are best described as two:

- (a) Organizations founded by the European Economic Community to promote trade between Europe and the United States
- (b) Treaties negotiated between the allies and the Central Powers at Versailles after the First World War
- (c) Bodies established by the United Nations to promote peace within multiethnic European countries such as Czechoslovakia and Yugoslavia
- (d) Military organizations made up, respectively, of the United States and its allies and the Soviet Union and its allies during the Cold War

30 percent answered correctly

12.6 Article I, Section 2, United States Constitution: "(The population of the states) shall be determined by adding to the whole number of free persons ... three-fifths of all other persons."

- (a) An important debate led to the writing of this section of the Constitution. Identify the issue being debated
- (b) Describe the Northern position in this debate and explain why many Northerners took it

21 percent gave "essential" responses

Accountability: A Way of Life at Nobel



"If a school is doing what people count on schools to do—give children a good education—I don't care whether it's a public school or a private school, I don't care if it's for-profit or not-for-profit. ... [N]o child has an equal opportunity in life until they have an equal opportunity to a quality education. I don't care how they get it."

AN INTERVIEW WITH A. JACK CLEGG BY GEORGE A. CLOWES

Clowes: Could you give us an idea of your current company strategy?

Clegg: It's our objective to be the leading operator of private schools all the way from pre-elementary to 12th grade.

We operate what we call general private schools for preschool and K-8 students. We operate schools for learning-challenged students, both standalone and within our own general private schools. And we operate high schools for children who are failing in the public arena. That's through our Saber Academies, and/or through charter schools, or through services to public schools.

We also have an equity interest in a company called Total Education Solutions which provides special-education services to public and charter schools, so they comply with the Individuals with Disabilities Education Act. Also, in Florida, some parents now can get publicly funded vouchers for special education.

The primary means of revenue for Nobel Learning Communities is private pay from the parents. Our cost per student is about \$6,000 to \$7,000, and it's been going up at only 4 or 5 percent a year. We've also performed some public-funded contracts with the public schools, with Catholic schools, and with charter schools.

We're also creating a high school model which has been nicknamed the Nobel University High School. Because our students are at advanced levels of learning, our high school concept will be partly via the Internet and partly by teachers in the classroom, and our students will have the opportunity to earn up to two years of college credits before they leave high school.

Besides what we're doing relative to the operation of schools, we're also continuing to push

While public school officials berate legislators and taxpayers for not being willing to spend the money they claim U.S. public schools need to deliver a good education to all children, student test scores have essentially remained unchanged since the 1970s, despite above-inflation increases in per-pupil revenues.

Even though total K-12 public school revenues totaled \$384.7 billion in the 2000-01 school year—\$8,157 per pupil—significantly higher spending is advocated to reduce class sizes, reduce school sizes, and raise student achievement.

A. "Jack" Clegg has a different point of view. He argues public education has a money management problem rather than a money problem, and that inefficiencies in the public educa-

tion system are robbing children of their right to a good education. It is possible, Clegg contends, for a private company to deliver a quality education at a profit in small community schools with class sizes of 15 to 20 students and for a tuition of \$6,000 to \$7,000 a year—as much as 25 percent less than it costs the public schools to deliver an inferior product.

The clincher in Clegg's argument is that he is doing exactly that right now as chairman/CEO of Nobel Learning Communities, Inc., a consistently profitable publicly held company headquartered in West Chester, Pennsylvania.

Starting out as a newcomer to the education industry 10 years ago, Clegg took a small private childcare company that was virtually bankrupt and built it into the largest operator of non-sectarian private schools in the United States, educating more than 25,000 students

in 174 schools in 15 states. Nobel Learning Communities students score two to three grade levels above the national norms on the Stanford-9 achievement test.

Describing himself as "just a kid from the streets of Philadelphia," Clegg started his career as an aerospace engineer in the "candy" 1960s and was running several small companies by the time he was 37. After a British firm bought out an \$85 million company Clegg had formed, he became involved in helping turn companies around. That's how he came across Merryhill Country Schools, a Division of Rocking Horse Child Care Centers, the K-8 education prototype that has been used to create Nobel Learning Communities.

Clegg was first interviewed by *School Reform News* in October 1998. (See "It's Hard to Go Back to Building Widgets.") Recently, he spoke again with Managing Editor George Clowes.

the curve in terms of quality and scope of the education being provided. We start the education process earlier, starting the curriculum-based learning at the age of three. The length of our day is 12 hours, and we're available to the children 12 months a year.

We also believe in small classes and small schools, so the children are safe, every teacher knows every child, and every principal knows every child in school and all the parents. Our class size is 15 to 17, and our K-8 schools range from 280 to 300 students.

Clowes: How did you choose that school size? Public schools seem to be getting bigger and bigger even though research studies say smaller schools are better.

Clegg: Whether it's 300 or 400, we're not sure at this point, but we do know it shouldn't be much more than that. Children need individualized attention and they don't get it when you have schools with 1,000 and 1,500 students. To foster individualized attention, you have to have a small school. All our schools are one floor, laid out very efficiently, with no hidden spaces. If somebody's out in the hallway, it's very apparent they're out there, and belong elsewhere.

We're also working diligently on the integration of technology so we can move more and

accountable for the achievement of their students. But we also tell them to use their creativity in making use of all these materials in their teaching. We don't want to take the creativity away from them.

The other thing we do is to involve our teachers and principals in upgrading our curriculum and the tools we use. We have committees across the country comprised of teachers in various grades who get together on a regular basis to re-evaluate our curriculum and evaluate the tools that are being used. If they believe changes should be made, they recommend changes to our Education Advisory Board.

The people who are actually using our curriculum tell us how well it's working, how well it's accepted in the classroom, and make recommendations for changes. Our Education Advisory Board then makes the final decision.

Clowes: Why do you think so many educators have the idea it's somehow wrong for a for-profit firm to be involved in educating children?

Clegg: It's been one of the major thrusts of the teacher unions to say, "These people are making money on the backs of our children." That's what starts it all and gives people the idea that when you make a profit you cut back on quality.

There's a misconception of what making a profit is. Profit is simply what is left over from your revenues after you've paid all your expenses. For-profit schools call this "profit." Non-profit schools call it "surplus." There is no such thing as a school that doesn't make a "profit." Schools that have more expenses than revenues—regardless of whether they're called "for-profit" or "non-profit"—are the ones that go bankrupt.

I say, "Hold us accountable and compare." When you compare, you see our children score far above the national norms. We also compare school to school, grade to grade, and class to class. If one school isn't doing well versus the average, we go in and we check. Is it the teachers? Is it the students? What's the problem? Accountability is not a debate at Nobel, it's a way of life.

If a school is doing what people count on schools to do—give children a good education—I don't care whether it's a public school or a private school, I don't care if it's for-profit or not-for-profit. I don't try to wage war for one over the other. I'm waging war for the children, because no child has an equal opportunity in life until they have an equal opportunity to a quality education. I don't care how they get it.

They can wage the war against me, or against the kind of concepts that Nobel Learning Communities provides, but the fact is that our system works, our children are properly educated,

Nobel's Concept of Education

The approach Nobel Learning Communities takes to education is to create schools with a disciplined, safe, and nurturing learning environment. The components that create this environment include:

- a small neighborhood school of 150 to 250 students with an average class size of 17;
- committed teachers and principals;
- accredited preschool and school curricula;
- full day, year-round educational service.

Further information is available at the company's Web site at www.nobellearning.com.

and we're doing it at a cost that, in most cases, is below the per-child cost in a public school.

Making a profit is, first of all, providing quality education at a reasonable price, and making the profit through the efficiencies of minimizing bureaucracies, national contracting of goods and services, clustering schools for field management efficiency, and centralizing support services. We're using the best practices of business to run our schools efficiently.

For example, we have 51 people here at the corporate office for 174 schools. In almost all our schools, the entire administrative staff is a principal and an assistant principal.

We pay all the bills and payroll out of our central office. We centrally provide all the general marketing, all the human resource management, and all the legal services. Our general and administrative cost runs around 7 percent of tuition revenue, which is the lowest in the industry. We're providing one of the highest quality education experiences at one of the lowest prices, and with one of the lowest administrative costs. That allows us to make a slight profit.

Clowes: The U.S. Supreme Court is expected to rule by July on the voucher program in Cleveland. What are your views on school vouchers?

Clegg: I probably feel as strongly as anybody that vouchers are an important answer to the inequality of educational opportunity in this country. Having a voucher means the parents of an underprivileged child in the center of Philadelphia can then pick a school of their choice for their child. The privileged child on the Main Line of Philadelphia could always do that. If you don't give the children from the inner-city an equal opportunity to the quality of education, you have prevented them from having any equal opportunity in life.

Vouchers are the easiest route to doing this because vouchers equalize the playing field. The funding follows the child, and therefore the parents can pick the school that works best for their child.

With vouchers, Nobel Learning Communities would be able to provide our quality product anywhere. We'd be able to go into the inner-city with our type of schools, which the parents of those children in the inner-city schools cannot afford right now.

But the value of the voucher has to be changed. You can't afford to run a school on \$2,500 per student, and poor people can't afford to make up the difference. Give them a full voucher. The answer is to give them the equivalent of what you would have paid at a public school, just as you do with a charter school.

Clowes: What about accountability? The teacher unions claim private schools are not accountable. How do you respond to that?

Clegg: Our students take the Stanford-9, just like most public schools, and we proudly publish our results. In some states they take two tests because there might be a test more recognized by the state, but I don't really believe in a state test, because most children are not going to grow up and live only in the state where they were educated. A person must be able to compete in the national and international community.

If a child moves from Alabama to Pennsylvania, the child still has to be up to the standards of Pennsylvania. Everybody should be ready and willing to do a true accountability test, and that accountability test should be on all students in any school, whether it be public, private, or charter. I believe in accountability. How else do you tell that a child's achievement levels are adequate?

Clowes: Do you have any suggestions for lawmakers in addressing education issues?

Clegg: My plea to the legislators is—and it's not going to happen until the parents rise up and demand it—they have to start considering the children and not their re-election. That's a tough thing for most politicians.

"[O]ur system works, our children are properly educated, and we're doing it at a cost that, in most cases, is below the per-child cost in a public school."

more towards individualized curricula. We believe that's the way education's going to go, with every child having an individualized curriculum. They won't just be a member of a class any more. They'll have their own portfolio, and maybe their own CD-ROM that follows them through school.

Clowes: With an individualized curriculum, isn't there a danger of neglecting important material?

Clegg: No. We have what we call Curriculum Frameworks, which all our teachers and our principals have access to on an educator's Web page. A Curriculum Framework for, say, history tells a sixth-grade teacher, for example, what is supposed to be taught during each semester and what each child is supposed to have achieved as a minimum during those semesters. That's the first level.

There's a second level of the Framework, which says, "Here are all the tools that are available for you to accomplish this. Here are the books, here are the extra materials, and here are the tests." Everything is provided to the teacher. If it's a new teacher, there's also a third level which provides lesson plans.

After providing the teachers with the lesson plans, the tools, and our expectations for student learning, we tell them they are going to be held

"Because our students are at advanced levels of learning, our high school ... students will have the opportunity to earn up to two years of college credits before they leave high school."

If you have a Democratic House or Senate within a state, you're going to have a hard time getting anything through because the teacher union is either the number one or number two contributor to the Democratic Party. In Michigan, for example, when the unions found they couldn't do a frontal attack, they went into small counties and small areas and got anti-voucher, anti-charter school people elected. They then swung the vote at the state level. So, you have multi-million-dollar resources against you.

One example was in Philadelphia recently, where there were children on the streets with pre-printed placards, pre-printed stickers on their heads, opposing any change in the school system that is failing them. It made me nauseous to see this.

A reporter from the *Philadelphia Inquirer* called me and asked what I thought of it. I asked the reporter if he had ever wondered how all these children who had just walked out of school had obtained their pre-printed materials? Where did they come from?

Just asking the question makes you realize this truly is an orchestrated campaign in which the children's needs are placed last. At Nobel Learning Communities, the children's educational needs come first.

2001 National Awards for Education Reporting

BY GEORGE A. CLOWES

Each year, the Education Writers Association hosts a National Seminar for education reporters and presents national awards in a range of categories for the best reporting in newspapers, magazines, special-interest publications, television, and radio.

At this year's event, held in Washington, DC in April, Patrick Healy of *The Boston Globe* was presented the Fred M. Hechinger Grand Prize for Distinguished Education Reporting. Healy won the award for his account of "Harvard's Quiet Secret: Rampant Grade Inflation." Other National Award winners ranged from stories on student testing and the challenges of teaching to articles on how to choose a school for your child and how to fix U.S. schools.

A full list of winners is provided below. This list, with links to many of the stories, is available at the Education Writers Association's Web site at www.ewa.org.



I. NEWSPAPERS UNDER 100,000 CIRCULATION

A. Breaking or Hard News

1ST PRIZE—Nicholas Cole, Robbie Evans, Emeri O'Brien, Seth Parsons, Mark Rainwater, Heather Wecslar—*The News-Star*, Monroe, Louisiana—"School Violence Strikes Home"

2ND PRIZE—Alex Davis, Dan De Carbonel, Dana Haynes, Stefanie Knowlton, Tara McLain, Peter Wong—*Statesman Journal*, Salem, Oregon—"Bus, Truck Collide: 3 Still Hospitalized"

SPECIAL CITATION—Eric Eyre—*Charleston* (West Virginia) *Gazette-Mail*—"Student Suspended for T-Shirts Opposing the Bombing of Afghanistan"

B. Feature

1ST PRIZE—Mary Wiltburg and Andy Nelson—*The Christian Science Monitor*—"Acting With Conviction"

2ND PRIZE—Emily Bliss—*New Times Broward-Palm Beach*—"A Scout for Life"

SPECIAL CITATIONS—Deirdre Newman—*Daily Pilot*, Costa Mesa, California—"In the Classroom"

Jennifer Rose Marino—*Savannah Morning News*—"No Excuses"

C. News Feature or Issue Package

1ST PRIZE—Eric Fry—*The Juneau Empire*—"Mario Joins Columbus in History"

2ND PRIZE—Jane Rider—*The Missoulian*, Missoula, Montana—"Breaking the Silence"

SPECIAL CITATION—Eric Eyre—*Charleston* (West Virginia) *Gazette-Mail*—"Talent Ignored: School System's Gifted Program Shuts Out African-American Students"

D. Series or Group of Articles

1ST PRIZE—Kristen King—*The Advocate*, Baton Rouge, Louisiana—"Special Education or Special Problems: Disabled or Labeled?"

2ND PRIZE—Renee Moilanen—*Daily Breeze*, Torrance, California—"Keys to Success"

SPECIAL CITATION—Mary Beth Pfeiffer—*Poughkeepsie Journal*, New York—"Just Say Yes? Children and Ritalin"

E. Investigative Reporting

1ST PRIZE—Nigel Jaquiss—*Willamette Week*, Portland, Oregon—"The Poisoning of Whitaker"

2ND PRIZE—Eric Eyre—*Charleston* (West Virginia) *Gazette-Mail*—"Students Flock to the Movies on School Time"

F. Opinion

1ST PRIZE—D. Reed Eckhardt and Scott Smith—*Wyoming Tribune-Eagle*, Cheyenne, Wyoming—"School Accountability"

2ND PRIZE—Jeff Ballinger—*The Tribune*, San Luis Obispo, California—"Columns on School Violence"

SPECIAL CITATION—John P. Young—*Waco Tribune-Herald*, Texas—"Schools Suffering EDD"

G. Special Section or Page

1ST PRIZE—Jennifer Rose Marino and Mary Carr Mayle—*Savannah Morning News*—"Vision 2010"

2ND PRIZE—Diane D'Amico—*The Press of Atlantic City*—"20 Years of Abbott vs. Burke"

SPECIAL CITATION—Betsy Bethel, Linda Comins, Jennifer Compston, Kathy Fuller, Bonnie Ritz, Phyllis Sigal, Roger Warren, Heather Ziegler—*The Intelligencer*, Wheeling, West Virginia—"Topics: Education"

II. NEWSPAPERS OVER 100,000 CIRCULATION

A. Breaking or Hard News

1ST PRIZE—Kate Coscarelli, Ivelisse DeJesus, Sue Epstein, Tom Feeney, David Gibson, Kelly Heyboer, Patrick Jenkins, John P. Martin, Bev McCarron, John Mooney, Mary Jo Patterson, Michael Wattkis—*The Star-Ledger*, Newark, New Jersey—"Middletown Strike"

2ND PRIZE—Susan Snyder, Dale Mezzacappa, James M. O'Neill, Frederick Cusick, Ovetta Wiggins, Amy Worden—*Philadelphia Inquirer*—"Edison School Takeover"

B. Feature

1ST PRIZE—Kent Fischer—*St. Petersburg Times*—"Teaching Chelsea How to Read"

2ND PRIZE—Ken Weiss—*Los Angeles Times*—"Eggs Buy a College Education"

SPECIAL CITATION—Mike Mosedale, *City Pages*, Minneapolis, Minnesota—"Take Till it Hurts"

C. News Feature or Issue Package

1ST PRIZE—Kathleen Chapman and William M. Hartnett—*The Palm Beach Post*—"FCAT More a Measure of Wealth Than Performance"

2ND PRIZE—Deb Kollars—*The Sacramento Bee*—"On Their Own"

SPECIAL CITATIONS—Steven Carter and Janie Har—*The Oregonian* (Portland)—"A Detour Before the Degree"

Erik Lords—*Detroit Free Press*—"Blazes Ignite Worries in Dorms"

D. Series or Group of Articles

1ST PRIZE—Abby Goodnough—*The New York Times*—"Ms. Moffett's First Year"

2ND PRIZE—Dan Aguayo, Kay Balmer, Maya Blackmun, Chris Broderick, Clifton Chestnut, Noelle Crombie, Holley Gilbert, Laura Gunderson, Betsy Hammond, Michael Ottey, Paige Parker, Hank Stern, Jim Tankersley, Lynne Terry—*The Oregonian* (Portland)—"Why Not the Best"

SPECIAL CITATIONS—Brigid Schulte and Dan Keating—*The Washington Post*—"A Growing Divide"

Tim Simmons and Susan Ebbs—*The News & Observer*, Raleigh, North Carolina—"The New Segregation"

E. Investigative Reporting

1ST PRIZE—Patrick Healy—*The Boston Globe*—"Harvard's Quiet Secret: Rampant Grade Inflation"

2ND PRIZE—Becky Beaupre, Kate N. Grossman, Rosalind Rossi—*The Chicago Sun-Times*—"Failing Teachers"

SPECIAL CITATIONS—Ray Rivera—*The Seattle Times*—"Boy Paid to Disappear"

Jacques Steinberg and Diana B. Henriques—*The New York Times*—"None of the Above"

F. Opinion

1ST PRIZE—Margaret Downing—*Houston Press*—"But Who's Counting?"

2ND PRIZE—Tim A. Chavez—*The Tennessean* (Nashville)—"Staying the Course: How Nashville's Immigrant Children Finally Won Respect and Resources for a Fair Education"

G. Special Section or Page

1ST PRIZE—Jennifer Rothacker and Celeste Smith—*Charlotte Observer*—"School Reassignment: Finding the Right School for Your Child"

2ND PRIZE—Maria Sacchetti, Keith Sharon, Sarah Tully Tapia—*The Orange County Register*, California—"Primer for Parents"

III. MAGAZINES, Excluding Trade and Institutional Journals, That Are Circulated to the General Public

(including magazines produced as separate sections of newspapers)

A. National Magazine

1ST PRIZE—William C. Symonds, Ann Therese Palmer, Hilary Hylton—*Business Week*—"How to Fix American Schools"

2ND PRIZE—John Cloud and Jodie Morse—*Time Magazine*—"Home Sweet School"

SPECIAL CITATION—Barbara Kantrowitz—*Newsweek*—"The Kids Who Saw It All"

B. Regional or Local Magazine

1ST PRIZE—Mark Spencer—*The Hartford Courant*—"The Dream Factory"

2ND PRIZE—Marc Fisher—*The Washington Post*—"Uncommon Knowledge"

IV. SPECIAL INTEREST, INSTITUTIONAL AND TRADE PUBLICATIONS

1ST PRIZE—Alexander Wohl—*American Educator*—"The School Marketplace: Has Commercialization Gone Too Far?"

2ND PRIZE—Kevin Bushweller—*Education Week/Teacher Magazine*—"The Return of Laura Marks"

V. TELEVISION

A. Hard News and Investigative:

1ST PRIZE—Denise Eck, Chris Koebel, Bernard Choi, Nickie Flynn—*KWCH 12 Eyewitness News*, Wichita, Kansas—"Unauthorized Spending"

2ND PRIZE—Richard Reeve, Bill Ditton, Kathleen Johnston, Gerry Lanosga—*WTHR-TV*, Indianapolis, Indiana—"Safe at School?"

SPECIAL CITATION—Bernard Choi—*KWCH-TV*, Wichita, Kansas—"School Budget Breakdown"

B. Feature or Documentary:

1ST PRIZE—John Merrow and Donald Devet—*The NewsHour with Jim Lehrer*, PBS—"Making the Grade"

2ND PRIZE—Jeff Hirsh and Jeff Barnhill—*WKRC-TV*—"East End Heritage"

VI. RADIO

A single program or series of reports on the same subject or theme.

1ST PRIZE—Kathryn Baron—*KQED-FM*, San Francisco, California—"The Testing of America: Education or Obsession"

2ND PRIZE—Jody Becker—*WBEZ*, Chicago, Illinois—"The Big Idea: Students with Autism Attend College Prep"

SPECIAL CITATION—Ellin O'Leary—*Youth Radio*, Berkeley, California—"Making the Grade"

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HISTORY TEST ANSWERS

Fourth Grade 4.1 (c); 4.2 (d); 4.3 (c); 4.4 (c); 4.5 (c); 4.6 (b)

Eighth Grade 8.1 (a); 8.2 (a); 8.3 (b); 8.4 Example of "appropriate" response: The steel plow was stronger, lasted longer, worked faster, could farm harder ground.

Twelfth Grade 12.1 (b); 12.2 (c); 12.3 (d); 12.4 (b); 12.5 (d); 12.6 (a) Example of "essential" response: The issue is whether to count slaves in the population. (b) Example of "essential" response: The Northern position was not to count slaves because it would give the South more people.

UNION continued from page 1

nothing but the truth about its political activities and expenditures."

While it is perfectly legitimate for an organization like the NEA to pursue a political agenda, the federal Labor and Management Reporting Act (LMRDA) requires labor unions to report their revenues and expenditures in sufficient detail to accurately reflect the union's operations. This is done through the filing of an annual report with the Department of Labor on form LM-2. Violation of the LMRDA may subject a union and its leaders to substantial civil and criminal penalties.

Internal union documents show the expenditure of millions of dollars in tax-exempt revenue to recruit and support candidates for local, state, and federal elective office. However, Landmark found none of these expenditures is specifically reported in the union's annual LM-2 filing, thereby making it impossible for NEA members to determine the full extent of the union's political activities.

"The LMRDA was enacted to ensure that union members could make informed, responsible decisions about their union's leadership and its activities," explained Levin. "The NEA's leadership spends millions of tax-exempt dollars on political activities every year, in coordination with the Democratic National Committee, yet reports none of it on its Labor Department filings."

"Puzzled by the paradox of cost-free political activity, the Landmark Legal Foundation ... undertook an analysis of reports the NEA filed with the U.S. Department of Labor since 1994, together with thousands of pages of internal union documents."

Bragging, But Not Reporting

Senior NEA officials make no bones about the union's specific political agenda, its extensive political activities, the effectiveness of these activities, and their cost. For example, NEA General Counsel Robert Chanin told other NEA officials last year it had cost the Association \$20 million to defeat the voucher initiative on the 2000 California ballot.

The NEA and its affiliates, he said, "have been singled out because of our political power and effectiveness at all levels—because we have the ability to help implement the type of liberal social and economic agenda that [some other] groups find unacceptable."

Despite this clear involvement in extensive political activities, Landmark points out NEA mem-

bers cannot make a reasonable determination from the LM-2s for any year since at least 1994 that the union has allocated any resources for political purposes. Such a failure to disclose political expenditures justifies an immediate investigation by the U.S. Department of Labor, according to the Landmark complaint.

NEA spokesperson Kathleen Lyons saw "no basis for any complaint," according to an Associated Press report.

"We filled out the forms properly as we do every year," she said. "We acted in good faith. We followed all laws and reporting requirements."

An example of what the NEA reported is \$50-\$60 million every year for "Grants and Joint Projects with State and Local Affiliates," totaling over \$330 million for the period from 1994 to 2000. None of this was reported as political activity expenditures. Landmark points to "overwhelming evidence" the NEA makes substantial contributions, gifts, and grants to political organizations, political campaigns, and candidates for public office at the local, state, and federal level.

Another example involves the more than \$40 million NEA spent to support its 1,800 UniServ directors every year from 1994 to 2000. NEA did not report that spending as political activity expenditures. Yet among the UniServ staff's responsibilities are "developing and/or executing local association political action," according to the NEA. Guidelines for the NEA Michigan UniServ include "Lobbying at the state Legislature and the national Congress," and "Organization of political efforts to achieve local legislative goals, e.g., millage campaigns, school board elections, political party primaries, etc."

"I estimate that at least one-third of UniServ time is devoted to political action," writes teacher union authority Myron Lieberman in his book, *The Teacher Unions* (Simon & Schuster, 1997). "This means that the UniServ program employs the equivalent of 600 full-time political professionals. ... Regardless of the precise numbers, the NEA and its affiliates employ more political operatives on a full-time basis than the Republican and Democratic parties combined."

Similar Complaints Filed with IRS, FEC

Landmark's complaint to the Labor Department follows earlier complaints filed in 2000 and 2001 with the Internal Revenue Service and the Federal Election Commission charging NEA's unreported political expenditures and activities violate federal tax and election laws. (See "Teacher Union Denies Political Activities to IRS," *School Reform News*, September 2000; and "Union Called Shots on Democrats' Agenda," *School Reform News*, September 2001.)

membership. Clearly, a large number of its members were not willing to pay the annual dues when those dues had to be publicly and directly collected."

For more information...

WWW The February 18, 2002 interview between Governor Bill Owens and United Press International staff is available at www.upi.com/view.cfm?StoryID=29012002-074558-3723r.

NEA Violated Washington Campaign Finance Law

BY MIKE ANTONUCCI

On April 8, the Washington Education Association (WEA) launched radio and newspaper ads critical of the Evergreen Freedom Foundation and its president, Bob Williams, who have been the driving force behind the discovery of WEA's campaign finance violations.

The ad campaign was launched the very day the state Public Disclosure Commission (PDC) ruled that WEA's parent, the National Education Association, had also violated state law by donating \$500,000 for two state ballot initiatives after failing to properly segregate dues from agency fees.

State law requires that agency fees (which are paid by union non-members for collective bargaining only) not be spent for political purposes.

Union dues are withheld from a teacher's paycheck by the employing school district, which sends the amount to the local union. The local keeps its share and sends the rest to the state WEA, which keeps its share and sends the rest to the national union. NEA deposits the money into its general fund, except for a \$5 per

member assessment for ballot initiatives and public relations.

EFF and the WEA differ in their descriptions of how the various funds were accounted for. But it is not disputed that NEA made up shortfalls in its ballot initiative fund by tapping its general fund. The union cannot, therefore, claim with certainty that agency fees were not used to fund the Washington ballot initiative battles.

The maximum fine the PDC can impose is \$2,500, so the next step would have been out-of-court negotiations between the state and NEA to settle on a penalty. That process was halted when the PDC advised the state attorney general not to pursue litigation against NEA if negotiations failed. It would then have been in NEA's interest to stall or stick to a hard-line position in the negotiations. So EFF decided to file suit itself.

Mike Antonucci is director of The Education Intelligence Agency, which conducts public education research, analysis, and investigations. His weekly Communiqué is available at <http://members.aol.com/educationintel> or from EducationIntel@aol.com.

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Paycheck Protection in Colorado

In an interview with United Press International earlier this year, Colorado Governor Bill Owens reflected on the executive order he signed in May 2001 ending automatic payroll processing of all government union dues:

"We ordered a review of all the withholdings the state took with their permission from employee paychecks. ... Among the enterprises we no longer withhold are labor unions. ... The result is that we have seen about a 50 percent drop in our state public employee union. They have laid off all 17 of their field personnel. This is going to force that union to be closer to its

Edison Seeks Funds to Run Philadelphia Schools

Loss of investor confidence limits firm's options

BY GEORGE A. CLOWES

Following the mid-April award of management responsibility for only 20 of Philadelphia's public schools rather than an expected 45, Edison Schools, Inc. stock dropped from around \$13, slowly at first and then precipitously, to \$1.37 a share by May 17. That day, Edison warned not only that it might not be able to raise the \$30 to \$50 million it needs to open those schools in the fall, but also that its stock could be delisted from Nasdaq if the price slide continued. The stock started the year in the \$20 range and once commanded a \$45 price tag.

Four days earlier, the Securities and Exchange Commission had announced a settlement in a three-month inquiry into Edison's accounting practices regarding the overstatement of revenues, an issue raised by Bloomberg News in February. Although Edison cooperated with the SEC and was not fined, company officials warned on May 17 that the inquiry could make it more difficult to raise capital, secure new contracts, and maintain existing contracts.

In the preceding days, Edison had received unwelcome news regarding two of its existing contracts, one with the Boston Renaissance Charter School and the other with the public school system in Inkster, Michigan.

Contract Difficulties

The Boston Renaissance Charter School, one of the largest charter schools in the nation, announced on May 16 it was pulling out of its \$9 million annual contract with Edison this year instead of continuing as scheduled until 2005. Although unimpressive test scores were one reason for the change, another was that the school's governing body was seeking independence.

"We would not have started without Edison's help, but we've moved out of infancy," school president Dudley Blodgett told the Associated Press. "We're now into young adulthood."

"[Edison Schools, Inc.] last November reported a cumulative loss since 1992 of \$233 million ... By comparison, the poorly performing Philadelphia Public Schools ... has a projected deficit of \$216 million for the current year alone."

In Inkster, public school officials are refusing to pay Edison for managing the district, which they contracted for in 1999 to forestall a state takeover because of the district's continuing budget deficits. Although the contract calls for the district to give Edison its state funding

and then let Edison operate the district, Inkster school officials have not yet given Edison the state funding for the current school year. At the school board meeting on May 15, Inkster officials took no action to fulfill their contractual obligation and transfer the funds to Edison. As a result, the state may be called in to control the district's finances.

Edison is the nation's largest contract management company for public schools, managing 133 schools with about 74,000 students. Although the company last November reported a cumulative loss since 1992 of \$233 million, investors have until recently been willing to accept Edison's "burn rate" of approximately \$3 million a month in anticipation of future profitability from growth and improved student achievement. With that anticipation apparently gone, attracting further investor funds will be difficult, as Edison acknowledged on May 17.

By comparison, the poorly performing Philadelphia Public Schools, with 265 schools and 200,000 students, has a projected deficit of \$216 million for the current year alone, and a projected deficit of \$1.5 billion for the next five years. Under Governor Mark Schweiker's original takeover plan, the city would get \$75 million in additional state funds if Edison was given control of 45 of the lowest-performing schools and the district administration. Edison now will get just 20 schools, without the central office, but city officials still anticipate being given another \$75 million "investment" from taxpayers.

How to Turn Around a School System

Turnaround specialist A. "Jack" Clegg, chairman/CEO of Nobel Learning Communities, Inc., offered the following suggestions for turning around a failing school system.

"I think they're going about it the wrong way. They're always starting at the top and they should be starting at the bottom, in the classroom."

"I've turned around a lot of companies in my life but I never start in the president's office. I start somewhere on the floor. In a manufacturing company, I start with the machine operators. In a school, I would start in the classroom and look around. What is in that environment? What does it look like inside? Is the teacher capable?"

"What you're going to find is that some children just disrupt the class. They don't want to be educated. They should be in another classroom. Then you've got to look at the tools. For example, do they have books? You start by solving one classroom. Then you look at the school, and then you look at the district."

"If you do it that way, you'll find a model that will work—and I'll bet you ten to one you won't have a budget deficit at the end. I still think it's not a money problem; it's a money management problem."

Nobel Learning Communities is the largest operator of non-sectarian private schools in the United States. The company is consistently profitable. (See the interview with Jack Clegg in this issue of *School Reform News*, pages 14-15.)

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New Mexico's Failing Schools Will Get Private Management

Although the New Mexico legislature has rejected all of Governor Gary Johnson's efforts to enable children in failing public schools to use a voucher to transfer to another public or private school, Johnson's plan for a "report card" school rating system was approved by the legislature three years ago and is now beginning to trigger corrective actions established by the state Board of Education. The system provides a rating that is a measure of school success, together with statistics on student achievement, attendance, dropout rate, safety, and parent survey data by the state Board of Education.

The first set of low-performing schools was reported in August 2000. The schools numbered 172 and enrolled almost 70,000 students.

Although many of those schools have improved their ratings, some 36 elementary, middle, and high schools across the state, from Albuquerque to Zuñi, still fail to meet the Board of Education's minimum standards. The majority of the 13,538 children in these failing schools come from poor and minority families. Forty-four percent scored below grade level competency in reading.

While a state takeover could be executed as a last resort, the state Board of Education this spring issued a Request for Proposal for private for-profit or nonprofit education service providers to operate the 36 failing schools for up to four years. When the deadline for application expired on May 14, five private companies had applied:

- Corridor, Inc. of Las Cruces;
- New Mexico Education Network Center of Albuquerque;
- Youth Development, Inc. of Albuquerque;
- Edison Schools, Inc. of New York City; and
- Mosaica, Inc. of San Rafael, California.

State Education Superintendent Michael Davis will announce the finalists on June 13.



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